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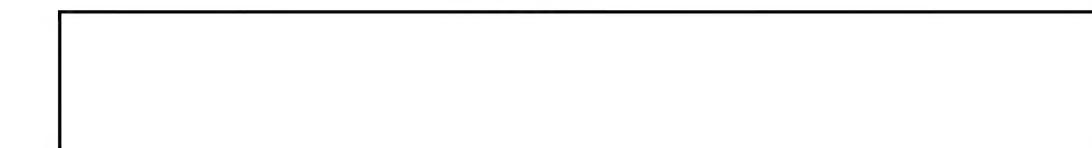
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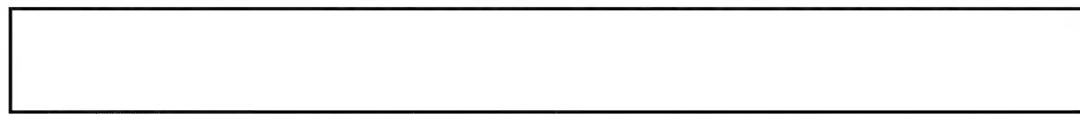


CONTENTS



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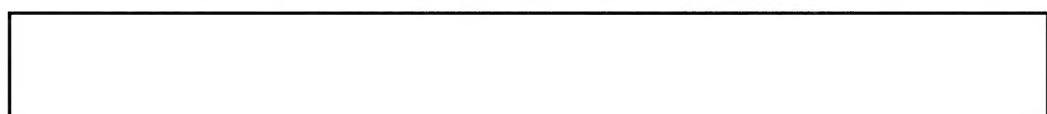
Portuguese Decolonization Efforts
Turn Toward Timor 2



25X1

UNESCO Trying to Soften Arab-Israel Actions . . 7

German Envoy Explores Possibility of
Reconvening International Oil Conference . . 9



25X1

June 27, 1975

-i-

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25X1

Approved For Release 2005/08/16 : CIA-RDP79T00865A001200310001-5

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25X1A

Portuguese Decolonization Efforts Turn
Toward Timor

With the decolonization process well under way in Africa, Portugal's military government has now turned its attention to the settlement of colonial affairs in Asia.

Portuguese officials have begun discussions on a decolonization plan for Portuguese Timor with representatives of two Timorese political parties. The meeting, which is being held in Macao, was expected to begin on June 15 but was delayed by administrative issues.

The Portuguese had difficulty persuading all three parties to attend. One of the groups, a radical movement favoring immediate independence for Timor, is boycotting the talks rather than sitting down with the party that advocates merger with Indonesia.

Official spokesmen at the talks have cautioned not to expect too much from the meetings, but the Portuguese appear determined to move ahead and end their role on the island as quickly as possible. After the talks have concluded, the Portuguese delegation will submit a report to the ruling Revolutionary Council which will draw up a decree-law setting a time schedule for Timor's decolonization, according to roving ambassador Vitor Alves.

The discussions are based on a study drawn up by the Portuguese and submitted to Timor's three political parties. The proposals have not been released to the public, but Portuguese representatives have pointed out that the

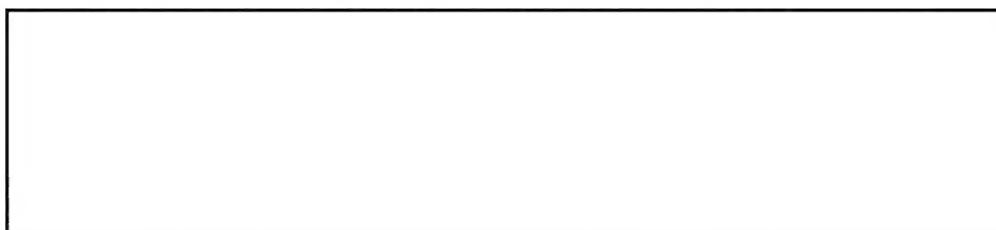
June 27, 1975

-2-

SECRET

decolonization process for Timor will be similar to that in other Portuguese overseas territories. According to Timorese delegates to the conference, this includes the formation of a provisional government by the end of the year and elections for a popular assembly in 1976.

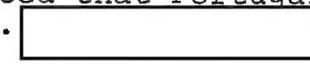
The Portuguese are anxious to keep the process as painless as possible and will probably attempt to satisfy those who favor independence, while at the same time trying to avoid offending the Indonesians. The latter have made no secret of their desire to annex the territory. The Portuguese may look to a popular referendum as the best way to resolve the dilemma.



25X1

The Portuguese delegation will also take advantage of its stay in Macao to discuss the draft political statute for that island with local officials. The statute is expected to maintain the Portuguese administration of Macao, but will probably assign greater autonomy in local matters. The governor of Macao has indicated that a local police command will replace Portuguese army units and a legislative assembly will be elected.

In deference to Peking's desire to maintain the status quo, Portugal has not given Macao the option for independence that has been granted to all the other territories. The Portuguese are anxious to curry China's favor, in hopes of establishing diplomatic relations. Thus far, the Chinese have remained aloof, although there has been limited contact through third party intermediaries. The Chinese will probably remain at a distance until they are convinced that Portugal will not fall into the Soviet orbit.



25X1

June 27, 1975

Next 2 Page(s) In Document Exempt



25X1A

UNESCO Trying to Soften Arab-Israel Actions

The UN Educational, Scientific and Cultural Organization (UNESCO) is trying to moderate the effects of the two anti-Israel resolutions passed at the organization's general conference last November. One resolution excluded Israel from full participation in UNESCO's European regional group. High UNESCO officials have now indicated that UNESCO will invite Israel to participate in a European regional meeting on education if Israel gives some indication that it will accept the invitation.

The regional membership issue has become an extremely sensitive one for UNESCO, particularly since it is recognized that this issue can be resolved more easily than the dispute over Israeli excavations in Jerusalem. Arab allegations that Israel is destroying Muslim shrines by its archeological digging led to passage of the second anti-Israel resolution in November. This resolution withholds UNESCO financial grants to Israel until the excavations cease.

UNESCO has periodically sent archeologists to Jersalem to investigate the Arab charges. So far, neither the Arabs nor the Israelis have accepted the "mixed" findings of the UNESCO representative. Another mission to the area is now being planned in the hope that a sufficiently positive assessment will permit the next UNESCO conference to lift the sanctions.

There is other evidence of serious attempts by the UNESCO leadership to reverse the harm done to the organization by last November's actions.

June 27, 1975

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UNESCO officials intend, for example, to argue for a reversal of decisions by Malaysia and Indonesia to refuse Israeli attendance at UNESCO-sponsored meetings to be held in their countries. Should persuasion fail, the officials have said that they will look for another country--which will admit Israeli experts,--to host the meetings.

While UNESCO moves to reintegrate Israel into the organization, other UN forums continue to reflect the pressures of Arab wealth. Recent meetings of two UN regional economic commissions recommended that Israel be excluded from a 1976 UN-sponsored conference. At the Women's Year Conference now being held in Mexico, Arab delegates have introduced a resolution calling for support of the Palestinian women's struggle against "Zionism".

25X1



June 27, 1975

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German Envoy Explores Possibility of Reconvening International Oil Conference

Bonn in recent weeks has made clear its deep interest in an early resumption of talks between oil producers and consumers.

This was manifested most recently by the cabinet decision to send Hans Juergen Wischnewski, a senior Foreign Ministry official and expert on Arab affairs, to seven of the nine countries--including the US--that attended the abortive oil conference last April in Paris. Wischnewski began his tour earlier this week in Algiers where he met with government leaders.

Wischnewski's visit is timed partly to convey the impression that Bonn's well-publicized review of its policy on raw materials and energy signifies the Schmidt government's flexibility. Despite speculation about the outcome of the review, the Germans will probably not go much beyond the US proposals suggested in Paris in late May.

Wischnewski will probably test the response to a US proposal to restructure the energy conference by creating three commissions on energy, raw materials and problems of developing nations. He may suggest that another commission be added to discuss monetary problems stemming from OPEC's large foreign exchange holdings which have always been an issue of prime concern to the Germans.

The German envoy will reaffirm Bonn's opposition to proposals for establishing a link between oil prices and the cost of manufactured goods. Most West German officials fear that indexation would only add to inflationary pressures.

June 27, 1975

-9-

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Wischnewski will probably express Bonn's preference for export stabilization schemes similar to those that the European Community has negotiated with numerous developing countries and may suggest that the International Monetary Fund play a role in such a plan. Bonn officials prefer a multilateral approach in order to avoid new commitments that would place further strains on the federal budget.

Wischnewski's mission is likely to have only a limited impact on the cabinet's review of West German policy toward raw material exporters. Bonn has already decided to channel a large portion of its development aid to the thirty-odd poorest developing states. [redacted]

25X1

June 27, 1975

-10-

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